

**CALENDAR ITEM
C02**

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10/14/14

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PRC 3934.1
G. Asimakopoulos

**TERMINATION AND ISSUANCE OF A
GENERAL LEASE – COMMERCIAL USE**

LESSEES:

Charles E. Streckfuss, as Trustee of the Charles E. Streckfuss Inter Vivos Trust dated November 19, 1988, First Amended August 8, 1990, Second Amended June 30, 2003, and Restated in its Entirety on October 20, 2004, and Restated in its Entirety on November 14, 2006; Dale M. Wallis, D.V.M.; and Leonard Hodgson

APPLICANTS:

Dennis Morton Oikle and Hildegard Heidi Oliver Oikle, dba Heidi's Outrigger Marina and Saloon

AREA, LAND TYPE, AND LOCATION:

3.87 acres, more or less, of sovereign land located in Three Mile Slough at Sherman Island, adjacent to 17641 Sherman Island East Levee Road, near the city of Rio Vista, Sacramento County.

AUTHORIZED USE:

Continued use and maintenance of an existing commercial marina, known as Heidi's Outrigger Marina and Saloon, consisting of six covered sheds with approximately 76 berths of various lengths with electrical and water hookups, one uncovered guest dock with approximately 1,000 feet of side-ties, gas dock, with one marine fuel dispenser and hose reel, two restrooms with showers, laundry room, patio, a portion of a restaurant and bar, and bank protection.

LEASE TERM:

20 years, beginning on October 14, 2014, or the close of escrow, but no later than April 30, 2015.

CONSIDERATION:

Marina Facility: Initial Base Rent in the amount of \$7,369 per year, with an annual Consumer Price Index adjustment, and the State reserving the right to adjust the rent at the 10-year anniversary, as provided in the Lease.

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Bank Protection: The public use and benefit, with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest.

SPECIFIC LEASE PROVISIONS:

Insurance:

Liability insurance in an amount no less than \$2,000,000.

Surety:

Surety bond or other security in the amount of \$25,000.

Other:

The Lease contains provisions that: The Lessee must implement the Commission's "Best Management Practices for Marina Owners/Operators" and encourage implementation of the Commission's "Best Management Practices for Berth Holders and Boaters," including additional Best Management Practices (BMPs) the Commission subsequently deems appropriate for either of the above categories. The Lessee shall provide the Commission, on the first anniversary of the Lease and on every third anniversary thereafter, a report on compliance with all BMPs.

OTHER PERTINENT INFORMATION:

1. Applicant owns the upland adjoining the Lease premises.
2. On December 5, 2012, the Commission authorized a 20-year General Lease – Commercial Use to Charles E. Streckfuss, as Trustee of the Charles E. Streckfuss Inter Vivos Trust dated November 19, 1988, First Amended August 8, 1990, Second Amended June 30, 2003, and Restated in its entirety on October 20, 2004, and Restated in its Entirety on November 14, 2006; Dale M. Wallis, D.V.M.; and Leonard Hodgson. The Lease will expire on December 4, 2032.
3. On August 24, 2014, Lessee entered into a Commercial Property Purchase Agreement with Applicants providing for the sale of the upland parcel and the marina facility to the Applicants. The Applicants are in the process of obtaining financing from Allstar Financial Services, Inc., (Allstar), through a loan in the amount of \$300,000. The purpose of the loan is to purchase the upland property and make repairs to the marina facilities. Under the terms of the loan, Allstar will not be requiring a lease encumbrancing agreement. The close of escrow shall occur no later than April 30, 2015.
4. The Applicant is now applying for a new General Lease – Commercial Use. Taking into consideration that the ownership of the upland parcel

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and marina facility will be transferred, and that a new loan will be secured by the upland parcel, staff recommends termination of the existing Lease.

5. Outrigger Marina is a large marina covering nearly four acres. The marina is vulnerable to theft and property destruction and has experienced vandalism, accidents, fires, and other on-the-water problems, requiring immediate action for the overall safety and security of the facility and the public. These factors support a limited and controlled presence of one or more navigable vessels to be occupied on a 24-hour basis for security purposes. Taking into account the size and design of the marina, staff is recommending that no more than six navigable vessels be used for security purposes. These vessels will be located in strategically designated slips subject to the approval of Commission staff. The security vessels will be required to leave the marina waters at least once every 90 days for a minimum of six hours, and the Applicants are required to maintain an annual log to be made available to Commission staff upon request.
6. The bank protection will mutually benefit both the public and the Applicant. The bank of Three Mile Slough will have the additional protection from wave action provided at no cost to the public.
7. **Lease Termination:** The staff recommends that the Commission find that the subject termination of lease does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

8. **Issuance of New Lease:** The staff recommends that the Commission find that this activity is exempt from the requirements of CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, Title 14, section 15300 and California Code of Regulations, Title 2, section 2905.

9. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et

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seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Lease Termination:

Find that the subject termination of lease is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

Issuance of New Lease:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

AUTHORIZATION:

1. Authorize termination of Lease No. 3934.1, a General Lease – Commercial Use, the latter of October 13, 2014, or the day before the close of escrow, but no later than April 30, 2015.
2. Authorize issuance of a General Lease – Commercial Use to Dennis Morton Oikle and Hildegard Heidi Oliver Oikle, dba Heidi's Outrigger Marina and Saloon, beginning October 14, 2014, or the close of escrow, but no later than April 30, 2015, for a term of 20 years, for the continued use, maintenance, and operation of an existing commercial marina facility known as Heidi's Outrigger Marina and Saloon, consisting of six covered sheds with

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approximately 76 berths of various lengths with electrical and water hookups, one uncovered guest dock with approximately 1,000 feet of side-ties, gas dock, with one marine fuel dispenser and hose reel, two restrooms with showers, laundry room, patio, a portion of a restaurant and bar, and bank protection as described in Exhibit A and as shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; consideration for the marina facilities: annual rent in the amount of \$7,369 per year, with an annual Consumer Price Index adjustment and the State reserving the right to fix a different rent periodically during the Lease term, as provided in the Lease; consideration for the bank protection: the public use and benefit with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest; liability insurance in an amount no less than \$2,000,000 per occurrence; and surety in the amount of \$25,000.

EXHIBIT A

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LAND DESCRIPTION

A parcel of tide and submerged land lying in Three Mile Slough, adjacent to Sherman Island, Sacramento County, State of California, being more particularly described as follows:

COMMENCING at the southwest corner of that certain parcel of land described in that Administrator Deed from R.L. Upham to Louis Patrick, filed on September 7, 1948, in Book 1541, Page 513, Official Records of Sacramento County; thence N 36°16'04" E, 4792.36 feet to the POINT OF BEGINNING; thence along the following fourteen (14) courses:

- 1) N 01°31'57" W 95.39 feet;
- 2) S 78°59'20" E 134.88 feet;
- 3) S 29°43'27" E 217.44 feet;
- 4) S 04°12'59" E 149.40 feet;
- 5) S 05°10'15" W 136.33 feet;
- 6) S 85°40'46" E 40.93 feet;
- 7) S 04°15'22" W 132.52 feet;
- 8) S 85°17'31" E 35.50 feet;
- 9) S 04°42'04" W 436.77 feet;
- 10) N 85°37'05" W 193.91 feet;
- 11) N 04°22'53" E 111.74 feet;
- 12) N 05°56'59" E 557.25 feet;
- 13) N 00°46'59" E 70.00 feet;
- 14) N 31°49'01" W 267.13 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of said slough.

END OF DESCRIPTION

PREPARED 9/17/14 BY THE CALIFORNIA STATE LANDS COMMISSION BOUNDARY UNIT



